



# Iowa Department of Human Services

Kim Reynolds  
Governor

Adam Gregg  
Lt. Governor

Jerry R. Foxhoven  
Director

## INFORMATIONAL LETTER NO.1829-MC-FFS

**DATE:** October 3, 2017

**TO:** Iowa Medicaid Hospitals, Physicians, Podiatrists, Optometrists, Opticians, Pharmacy, Home Health Agencies, Independent Labs, Ambulance, Medical Supply Dealers, Clinics, Rural Health Clinics (RHC), Chiropractors, Audiologists, Skilled Nursing Facilities, Rehab Agencies, Intermediate Care Facilities, Community Mental Health Centers, Mental Hospitals, Community Based ICF/ID, Psychiatric Medical Institutions for Children (PMIC), Behavioral Health, Psychologists, Hearing Aid Dealers, Orthopedic Shoe Dealers, Ambulatory Surgical Centers, Certified Registered Nurse Anesthetists, Certified Nurse Midwives, Hospice, Clinical Social Workers, Federal Qualified Health Centers (FQHC), Nursing Facilities/MI and Advance Registered Nurse Practitioners

**APPLIES TO:** Managed Care (MC) and Fee-for- Service (FFS)

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Proper Use of the "SC" Modifier

**EFFECTIVE:** Immediately

**\*\*\*\* This letter replaces Informational Letters 884, 893, 990, 1044 and 1613-MC \*\*\*\***

Recently, the IME reviewed and updated the procedure code set to ensure it accurately reflects whether a procedure code is also covered by Medicare. This coordination is necessary to ensure accurate payment for Medicaid members who also have Medicare (primary) coverage. This letter replaces previous guidance issued regarding the use of the "SC" modifier.

The "SC" modifier is defined in the Healthcare Common Procedure Coding System (HCPCS) as "medically necessary service or supply." To be consistent with industry standards, major commercial payors, and the Iowa Medicaid Managed Care Organizations (MCOs), the Iowa Medicaid FFS program will follow this use of the "SC" modifier.

In cases where Medicare coverage for a particular service may be narrower than Medicaid coverage, providers should append the "SC" modifier to the procedure code when submitting a CMS-1500 or UB-04 claim to the IME for Medicaid members who have Medicare primary. Use of the "SC" modifier in this regard indicates that Medicare coverage allowance for a given service is less than that covered by Iowa Medicaid for that service. The "SC" modifier should only be used for Iowa Medicaid billing purposes in these circumstances.

Examples:

- Medicare does allow separate billing of certain preventive services (such as breast/pelvic exam or collection of a Pap smear) that Iowa Medicaid considers to be a component of an evaluation and management service. If Medicare denies these services, it would be appropriate to bill Medicaid for an evaluation and management service and append the “SC” modifier.
- A service where Medicare allows two units and Iowa Medicaid allows three units. In this type of situation, the provider would append the “SC” modifier to facilitate IME payment of the third unit.

**IMPORTANT ADDITIONAL PROVISIONS:**

- The “SC” modifier is used inappropriately when used to facilitate payment to a provider who has chosen to not enroll with Medicare.
- The “SC” modifier should not be used to indicate that Medicare does not cover a specific service which Iowa Medicaid does cover.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, or by email at [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us).